



## **Scale for Payment Contracts**

Welcome to the BLM's Training Course, titled "TSIS-CBS Interface Part V Section A  
"Scale for Payment"

## **Section A**

### **Overview of Scale Contracts and Methods**

This training session will be broken out into three sections. **Section A** will provide an overview of Scale Contracts and Methods.

# Welcome

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- Resource Support Technician



Hi!

This is Maria Caliva again from the BLM Salem District Office.

Let's get started.

## Objectives

- Familiarize participants on differences between Scale and Lump Sum Timber Sale Contracts
- Describe different scaling methods available in your state
- Demonstrate situations encountered with a Scale for Payment Contract
- Focus just with TSIS
- Emphasize critical elements of Scale Contracts in TSIS
- Not a detailed discussion of Scale Contracts

For the purposes of this training we will abbreviate the term “Scale for Payment Contracts” to “Scale Contracts”.

The objectives for this part of the TSIS-CBS Interface Training are to familiarize participants on the differences between Scale and Lump Sum Timber Sale Contracts. We will briefly discuss some of the different scaling methods that may be available for use in your state. The training will demonstrate situations that a user may encounter with a Scale Contract. Because there are no differences in CBS with a Scale Contract versus a Lump Sum Contract, we will focus just on the differences in TSIS. And, we will emphasize critical elements of Scale Contracts in TSIS.

We do want to emphasize that this training does not go into all the specific requirements related to scale contracts.

## Topics



- Overview of Scale Contracts
- Lump Sum vs. Scale Contracts
- Types of Scale Methodologies
- Contract Administration Challenges
- TSIS Challenges with Scale Contracts
- Guidelines for TSIS with Scale Contracts
- Volume UnderRun and OverRun Scenarios
- Importance of Activity Report Certification

Here is a more detailed look into the topics we will be discussing in this overview section of the training.

A comparison of Lump Sum and Scale Contracts

The Types of Scale methodologies available

Contract administration Challenges with Scale Contracts

Challenges in TSIS with Scale Contracts

Guidelines for using TSIS with Scale Contracts

Volume Overrun and Underrun scenarios, and the

Importance of Activity Report Certification

## Types of Timber Contracts

- Two Types of Timber Sale Contracts:
  - Lump Sum
  - Scale for Payment (Scale Contract)
- Same payment options available for either contract
  - Paid in Full, or Cash Sale
  - Paid in Installments
  - Use of a Payment Bond



In the first module of this Interface training we mentioned that there are two general categories of timber sale contracts: Lump Sum and Scale.

For the Lump Sum contracts, we have already covered the three different ways of paying for the contract, which are:

Paid in full, or a cash sale  
Paid in installments, and  
Use of a payment bond

Purchasers have these same payment options with a Scale Contract.

We have already discussed how Cash Sales, Installment Payments, and Payment Bonds work in the Interface, so we will not repeat items already brought up in Parts II, III and IV of this training. The example contract we will demonstrate in Part V Section B will involve the use of a Payment Bond. The example contract in Part V Section C will involve the use of Installment Payments.

## **Overview of Scale Contracts**

- Lump Sum contracts have a fixed total value
- Scale Contracts total value dependent on actual volume removed
- Volume estimated in both contracts
- In both types of contracts, timber must be paid for prior to cutting

In a lump sum contract, there is a fixed total contract value. The Purchaser pays for the total purchase price of the contract, regardless of the volume that is actually removed. For example, if the advertised volume is 2 million board feet, but the Purchaser cuts and removes only 1.5 million board feet, they are still required to pay for 2 MMBF of timber. Conversely, if the Purchaser cuts and removes 3 million board feet, they are still only required to pay for value of the 2 million board feet that was in the contract.

In contrast, with a scale contract the Purchaser pays only for the volume that is cut and removed from the contract area and scaled. So if the advertised contract volume is 2 million board feet, but the scale shows that only 1.5 million board feet was cut and removed, the Purchaser is only obligated to pay for 1.5 MMBF.

With both contracts the volume of wood products available for harvest is first estimated by cruising, though the cruise intensity is not as intensive with a scale contract as a lump sum contract.

Also, in both types of contracts any timber must be paid for prior to cutting

## **Reasons for Scale Contracts**

43 CFR 5422.1 – Generally timber sold Lump Sum

Scale option available when:

- Impossible to determine volume
- A timber disaster has occurred or critical resource loss is imminent
- Density Management timber sales - when the quadratic mean diameter of trees cut and removed is equal to or less than 20 inches

Whether timber will be sold under a Lump Sum or Scale Contract is at the discretion of the BLM. Per BLM regulations, 43 CFR 5422.1, regarding Volume Measurements - “As a general practice, the Bureau will sell timber on a tree cruise basis”. However, BLM managers have the option of electing to use Scale Contracts in the following situations:

When it is impossible to determine the tree cruise volume within a reasonable degree of accuracy.

When a timber disaster has occurred, a critical resource loss is imminent, and measurement practices (tree cruise) are inadequate to permit orderly disposal of the damaged timber.

And in Density Management forest treatments when the quadratic mean diameter of the trees to be cut and removed is equal to or less than 20 inches.

Currently, there is a great reliance on the use of scale contracts in many BLM field offices to expedite the harvest of fire and insect killed timber to capture the highest wood value before deterioration.



## **Types of Scale Methodologies**

- 100% Scale
- Sample Scale
- Weight Sample Scale
- 100% Weight
- All methodologies are not approved for use in all states

There are several methodologies that could be used in a scale contract, including:

100% Scale, which is a method where the actual volume removed is determined by actually scaling 100% of the logs (loads) removed from the contract cutting area. BLM certified log scalers must conduct the scaling unless third-party scaling is authorized per 43CFR 5422.2. If third-party scaling is authorized, this CFR clause requires that the BLM contracts with a third-party, usually a scaling bureau, to scale every load from a contract cutting area either from a scaling ramp set up near the contract area or on a scaling deck as it is unloaded at the mill yard.

Sample scaling is a method where only a sub-sample of the log loads are scaled and statistically expanded to the entire contract volume based on the number of loads hauled.

Weight Sample Scale is a method where all log loads are weighed at a certified weight scale location and all weight tickets are submitted to the BLM office and included in the official contract file. The Bureau can either perform a sample scaling itself or contract with a third party to sample scale a certain percentage of the loads to determine a weight-per-board-foot volume ratio. This ratio will change over the life of the contract based on statistical expansion of the sample scaling. The total weight is then converted, based on that sampled ratio, to determine the total volume and subsequently the total value of the contract.

With the 100% Weight method, purchasers bid on and pay for timber by the ton. No sample scaling is performed and no contract specific weight-volume ratio is developed for payments; however for annual performance accomplishment reporting, the total weight is converted to MBF based on a weight-to-volume ratio to convert the total weight to MBF. All loads are weighed at a State-certified weight scale.

State Directors must approve the methodologies used in their respective states.

## **Considerations for Selecting Contracting Method**

- Early coordination with District or State Forestry Lead is vital
- Selection of contracting method, lump sum vs scale contracts, impacts the preparation, cruising, and administration aspects of a contract
- Next slides will cover each aspect

Because of the complexities associated with scale contracts, it is highly recommended that the Field Forester coordinate with their respective District or State Forester early in the timber contract planning process if they anticipate utilizing a scale for payment contract. The selection of the contracting method, whether it be lump sum or scale, has many factors that need to be considered. Subsequent slides will briefly outline some of those items.

## **Scale Contract Preparation Considerations**

- Does it meet the criteria for using scale contracts
- How will the advertised volume estimate to be determined and what is an acceptable sampling error
- What are trade-offs/costs of marking and cruising vs not marking and scaling
- Local standards for establishing timber volume
- Workload

Discussions that need to occur early in this coordination effort, include:

- Does the proposed timber harvesting meet the criteria for using a scale contract?
- How will the contract volume estimates be determined and what is an acceptable cruise sampling error. For example, how many sample points are needed to meet a particular sampling error?
- What are the trade-offs, including costs, of marking the timber with paint and cruising to acceptable standard for a lump sum contract; versus not marking the timber with paint and designating timber to be cut utilizing “Designation by Description” or “Designation by Prescription” methods for a scale contract, which establishes advertised volume with a lower level cruise accuracy and scaling the timber for payment?
- What are the accepted standards in your region for establishing sold timber volume; Lump Sum, weight, scaling, or some combination of methods?
- What is the impact of the contract and measurement method selection on Workload? Scale contract administration can have a very dramatic impact on workload for the field forester. While less field work may be needed in contract preparation, there is much more work required in contract administration.

## **Scale Contract Preparation Considerations (cont'd)**

- What products are going to be offered
- How will contract volume be defined

- What products are going to be offered? Will different species be combined? Will biomass be offered? How will these products be measured? What are the merchantability specifications?
- How will the volume be defined in the contract? Which is to say, what unit of measurement will be utilized? For example, MBF or Tons?

## **Scale Contract Administration Considerations**

- Availability and costs of third party scaling
- Availability and locations of state certified scales
- Purchaser requirements for scale ticket information
- Purchaser requirements for turning in scale tickets
- Procedures for adding/removing volume to contract through modification
- Follow up cruising and scaling

The discussion also needs to consider items that develop later in the contracting process, particularly during contract administration. These items include:

- For contracts using log scaling or weight sample scale methodologies, what is the availability of BLM scalers or third party scaling bureaus and what are the costs?
- What is the availability and locations of state certified scales.
- What will the purchaser be required to put on the scale tickets, for example – does volume have to be tracked by unit number?
- When will the purchaser be required to turn in those tickets?
- Is the Field Forester familiar with tracking scale contracts in TSIS? Have they been properly trained?
- What will the procedures be for adding **or deleting** volume to the contract?
- How will follow up cruising and scaling be performed to determine if merchantable forest products were left in the contract area by the purchaser and how will the purchaser be charged for these unharvested products.

## **Challenges with Scale Contracts**

- No one right answer to the questions
- But there is one wrong answer:
  - “Well, we didn’t think about that”

There is usually not one right answer to any of these questions. Local conditions, tempered by laws and regulations will dictate the appropriate answer. And that answer can change from one contract to another, based on those local conditions.

But there is one wrong answer: “Well, we didn’t think about that.” The questions outlined in the past few slides are not intended to be the only questions that can arise related to scale contracts, but all of these questions should be considered and discussed.

## **Guiding Principles**

- Are you achieving management objectives for lands involved?
- Is contract in public's best interest, which includes getting fair market value of the products removed?

Regardless whether you use a Lump Sum or Scale Contract, there are two overarching, guiding principles that you should consider in answering these questions. These are:

Are you achieving the management objectives for the lands involved with the contract?

Is the contract in the best interest of the Public, which includes getting fair market value of the products removed?



## **TSIS Challenges with Scale Contracts**

- Designed for Lump Sum Contracts
- Payments based on a value/volume per acre cut and removed to date
- Scale Contracts: payments based on value/volume removed and scaled to date
  - Most likely different than acres cut and removed to date
- Challenge -- to reconcile difference between per acre estimates and scaled values/volumes
- Enhancements in TSIS - in progress to better address Scale Contracts

There are some specific challenges related to Scale Contracts with TSIS. TSIS was developed for Lump Sum Contracts. Under a Lump Sum Contract, we establish a value and a volume per acre and payments are based on that premise.

Under a Scale Contract, payments are based upon value and volume removed and scaled to date, which will most likely be different than the acre to value and volume ratios TSIS is using. Billings are usually required before all of these scale reports are received. One of the challenges with scale contracts in TSIS is in reconciling the difference between the reported value and volume of acres yarded to date versus the value and volume scaled to date.

Enhancements to TSIS are in progress to better address the administration of Scale Contracts, but these enhancements are not likely to be available until Fiscal Year 2016.

# Critical Scale Contract Issue Activity Report Certification

CON02-TS-2014.6009 UAT #4 Lump Training Payment Bond Sale Activity Report #1 Go to:

[Timber Activity](#) | [Charge/Credit Activity](#) | [Certify](#) | [Calculations](#) | [Instructions](#)

Total Billable Yarding Activity To-Date (minus collections and outstanding bills)

Account	Structure	Activity	Earned	Billed/Unpaid	Billable
Road Maintenance	Maint 9120 NA NA		\$120.58	\$0.00	\$120.58
Timber	1030 PD CO049		\$12,868.93	\$0.00	\$12,868.93
<b>Billable Total:</b>					<b>\$12,989.51</b>

Adjudication Details  
No Adjudicated Amounts

**Billing Details**

Account	Structure	Amount
Timber	1030 PD CO049	\$12,868.93
Road Maintenance	Maint 9120 NA NA	\$120.58
<b>Total:</b>		<b>\$12,989.51</b>

**Bill Handling**

Billing Occasion: Monthly  
 Billing Date:   
 Bill Due Date:   
 Send Bill:   
 Instructions To Accountant:

**Report Output**

☒ Activity Report  
☒ Field Collection Form  
☐ Contract Summary

The most critical feature in TSIS related to Scale Contracts is the certification of Activity Reports. We have discussed in earlier sessions of this training that activity reports need to be certified before a bill can be generated and sent to the purchaser. This activity report certification will also identify the accounts earned receipts are to be deposited in, such as shown in the red box on this screen. If the volume entered for a unit during the Sale Definition phase of TSIS is higher than what the purchaser actually removes, the purchaser could be overbilled. If the user certifies all acres in a specific unit cut and yarded and then later realizes that the scaled volume for that unit is less than that initially defined, money will have to be refunded from an earned account because of the overbilling. This will truly 'ruin your day' as well as the day for others, including your Field Manager. It may also damage your business relationship with the purchaser. We will be discussing ways to avoid this potential overbilling situation in the examples with this training.

The underlying concept to avoid potential overbilling is called a Hold-Back. Simply put, the Hold-Back involves not initially certifying all acres that are cut and yarded in a Unit during the Activity Report certification process. At the end of the contract, or at a strategic period in the contract where operations have been suspended, and the actual scaled volume is known for a unit or all units to date, a negative scale adjustment modification can be processed and the acres involved in the hold-back can be reported. These training exercises will demonstrate how to implement a Hold-back and also explain the concept in more detail. This Hold-back issue is one of the items the Field

Forester and their respective District or State Lead need to discuss early in the contract preparation process.

## **UnderRun and OverRun on Scale Contracts**

- Underrun – less volume scaled than contract estimate
- Overrun – more volume scaled than contract estimate
- Either situation requires a modification to contract

The just mentioned scenario, where the actual volume removed is less than the original estimate is often referred to as “UnderRun”. The opposite situation, where the volume removed is greater than the original estimate is called “OverRun”.

TSIS users need to be cognizant that any Scale Contract will probably either UnderRun or OverRun. And to add additional complexity, within any particular contract, some harvest units may UnderRun, while others may OverRun.

Regardless of whether a contract UnderRuns or OverRuns, the contract will need to be modified to account for the scale adjustment.

The key point is to closely monitor value and volume of the scale reports against the actual acres and volume and value removed to date. If there are no significant differences occurring, a single negative or positive scale adjustment may be necessary only at the end of the sale. If the Contract Administrator notices some large discrepancies, they may want to pick a strategic period (such as when no activity is occurring on the contract during seasonal shutdowns) to process an interim scale adjustment.

We will be demonstrating two contracts in a few minutes, one with an UnderRun and the other with an OverRun, so you will become more familiar with both.

# Example Load Tickets

requirement of a scale contract is the submittal of load tickets. Here is an example of blank tickets. As there is no national BLM form standard for a load ticket, each agency can develop their own scale ticket formats and contents.

## Scale Reports – Ticket Tracker

Ticket	Hauled	Delivery Point	Sort	UOM	Weight		Volume		
					Gross	Tare	Species	Gross	Net
0000151									
0000152									
0000153									
0000154									
0000155	6/30/2014	C & D	A	MBF	0	0	242	275	271
0000156	6/26/2014	Umpqua Lumber Co.	A	MBF	0	0	17	530	522
0000157	6/26/2014	RFP-Dillard	A	MBF	0	0	202	405	388
0000158	6/26/2014	C & D	A	MBF	0	0	202	467	420
0000159	6/26/2014	C & D	A	MBF	0	0	242	319	315
0000160	6/28/2014	Douglas County Forest Products	A	MBF	0	0	263	633	630
0000161	6/28/2014	Swanson - Sun Studs	A	MBF	0	0	17	522	519
0000162	6/28/2014	Keller Lmbr. Co.	A	MBF	0	0	263	512	500
0000163	6/30/2014	Douglas County Forest Products	A	MBF	0	0	202	98	80
0000164	6/30/2014	RFP-Dillard	A	MBF	0	0	263	125	115
0000165	6/30/2014	Keller Lmbr. Co.	A	MBF	0	0	202	675	652
0000166	6/17/2014	Douglas County Forest Products	A	MBF	0	0	17	420	415
0000167	7/1/2014	Douglas County Forest Products	A	MBF	0	0	202	375	366
0000168	7/2/2014	Douglas County Forest Products	A	MBF	0	0	202	448	444
0000169	7/1/2014	Douglas County Forest Products	A	MBF	0	0	242	255	249

For some public domain states, the load ticket submittals to the BLM often include a summary report.

In western Oregon, individual load tickets are mailed to the Field Office and entered into Ticket Tracker. This screen shows an example from Oregon showing the load ticket, date, delivery point, and a volume summary of each individual load. Ticket Tracker has the capacity to summarize the cumulative volume and value of all scale tickets to date by species, delivery location, gross versus net volume, and value. This scale report is what the Contract Administrator would use to compare the volume and value cut and yarded to date to the TSIS Activity Report's value and volume reported to date.

# Example Of A Ticket Tracker Scale Report

**Sample Scale Summary Report**

District :  Sale :  Purchaser : Boise Cascade Corp

Volume Units : MBF

Delivery Point : Boise Cascade      Sample Group : A 100% Weight & Sample Scale.      Volume Units : MBF  
 CV : N/A      Total # TICKETS : 330      Net Weight : 17,452,620  
 Sampling Error : N/A      Total Weighed & Scaled Tickets : 330 & 330      Scaled Net Weight : 17,452,620

Species	Price	GROSS				NET				Total Value
		Volume	% of Total	Exp Factor	Exp Volume	Volume	% of Total	Exp Factor	Exp Volume	
Douglas-fir	\$44.50	972.260	65.2%	1.0000	972.260	925.590	65.1%	1.0000	925.590	\$41,188.76
Incense-cedar	\$2.00	0.180	0.0%	1.0000	0.180	0.160	0.0%	1.0000	0.160	\$0.32
Lodgepole Pine	\$2.00	1.520	0.1%	1.0000	1.520	1.480	0.1%	1.0000	1.480	\$2.96
Ponderosa Pine	\$2.00	341.920	22.9%	1.0000	341.920	331.350	23.3%	1.0000	331.350	\$662.70
Sugar Pine	\$2.00	37.660	2.5%	1.0000	37.660	36.410	2.6%	1.0000	36.410	\$72.82
White Fir	\$2.00	137.200	9.2%	1.0000	137.200	127.020	8.9%	1.0000	127.020	\$254.04
		1,490.740			1,490.740	1,422.010			1,422.010	\$42,181.60

  

Sampling Error	Total Tickets	Total Weight	Gross Volume	Exp Gross Volume	Net Volume	Exp Net Volume	Total Value
0.00%	330	17,452,620	1,490.740	1,490.740	1,422.010	1,422.010	\$42,181.60

This slide shows an example of a mid-sale scale report from Ticket Tracker that the User would use to assist them with entering Activity Report information. Note that this was a weight sample scale. Also note that the Ticket Tracker produces the cumulative volume and value removed to date.

## Example Scale Report from Purchaser

Sun Mountain Lumber Inc.													
Loadslip Register b, Source													
DIVISIONID: = 10 DATE_In: Year To Date [Jan 01,2013 00:00:00 , Mar 15,2013 23:59:59] SOURCEID: = H2311 DESTINATIONID: = DEERLODGE													
Source	Job	Product	Species	Form	Truck	Ticket	Scaled	Date In	Date Out	Gross Wgt	Tare Wgt	Net Wgt	Gross Vol
H2311	SUN001	SAWLOG	LP	9FT	528	05951	Y	02/15/13 10:39 AM	02/15/13 10:54 AM	81,300	28,900	54,400	5,400
H2311	SUN001	SAWLOG	LP	9FT	528	05952	N	02/15/13 12:30 PM	02/15/13 12:49 PM	79,740	27,000	52,740	900
H2311	SUN001	SAWLOG	LP	9FT	227	05953	N	02/15/13 12:47 PM	02/15/13 01:02 PM	80,120	26,380	53,740	
H2311	SUN001	SAWLOG	LP	9FT	517	05954	Y	02/15/13 01:21 PM	02/15/13 01:35 PM	80,100	25,780	54,320	5,510
H2311	SUN001	SAWLOG	LP	9FT	516	05955	N	02/15/13 02:49 PM	02/15/13 03:00 PM	79,280	25,790	53,500	1,080
H2311	SUN001	SAWLOG	LP	9FT	528	05956	Y	02/18/13 06:06 AM	02/18/13 06:18 AM	80,200	26,900	53,300	4,990
H2311	SUN001	SAWLOG	LP	9FT	528	05957	N	02/18/13 08:55 AM	02/18/13 09:11 AM	79,620	27,040	51,980	1,350
H2311	SUN001	SAWLOG	LP	9FT	517	05958	N	02/18/13 09:16 AM	02/18/13 09:31 AM	77,600	25,780	51,820	3,640
H2311	SUN001	SAWLOG	LP	9FT	516	05959	Y	02/18/13 10:37 AM	02/18/13 10:59 AM	80,620	25,880	54,140	5,430

For weight scale contracts, load tickets are sometimes summarized in bi-monthly reports similar to the example here from Montana. Because PD states do not yet have access to the use of Ticket Tracker, cuff records or spreadsheets are generally used to track cumulative scale records and used to compare to Activity Reports.



# TSIS Scale Report

[Home](#)  
[My TSIS](#)  
[Contract](#)  
[Select Contract](#)  
[New Contract](#)  
[Contract Definition](#)  
[Auction/Negotiation](#)  
[Award/Approval/Assignment](#)  
[Account Tracking](#)  
[Bonding](#)  
[Activity Reporting](#)  
[Enter Observation](#)  
[Enter Scale Report](#)  
[Modification](#)  
[Suspension/Cancellation](#)  
[Termination](#)  
[Utilities](#)  
[Search](#)  
[Logout](#)

## CON02-TS-2014.8001 Int Trn Scale UnderRun Ex1

[Contract Info](#)
[Modification Info](#)
[Activity Info](#)
[Certification Info](#)

Contract Summary

Exhibit B

### Contract Information for CON02-TS-2014.8001: Int Trn Scale UnderRun Ex1

Administrative Info		Sale and Purchaser Info		Payment Info	
Status:	Approved	Sale Date:	7/2/2014	First Installment:	\$5,000.00 ( Paid )
Contract #:	CON02-TS-2014.8001	Award Date:	7/3/2014	2nd and Subseq:	\$0.00 ( 0.0 % )
Fiscal Year:	2014	Approval Date:	7/7/2014	Unpaid Balance:	\$36,190.00 ( 87.9 % )
Contract Admin:	Bottomley Timothy A		Sold To:	Lazy Loggers	
Expiration Date:	7/7/2017		c/o John Lazy		
Anniversary 1:	7/7/2015		Current Purchaser:	Lazy Loggers	
Anniversary 2:	7/7/2016				

	Appraised	Original Sale	Current	Uncut	Unyarded
Acres:	65.00	65.00	65.00	65.00	65.00
Value:	\$34,325.00	\$41,190.00	\$41,190.00	\$41,190.00	\$41,190.00
Volume[s]:	1,373.0 MBF	1,373.0 MBF	1,373.0 MBF	1,373.0 MBF	1,373.0 MBF

Additional Information

Available Actions:

(none)

TSIS users should enter the information from these scale reports into TSIS through the use of the Scale Report.

# TSIS Scale Report Example

CON02-TS-2014.8001 Int Trn Scale UnderRun Ex1

Scale Report

**Scale Reports**

-No Scale Reports-

New Scale Report

**Scale Report Information**

Entry Date: 7/18/2014

Report Date: 7/14/2014 \*

Load Tickets: 1-20 - Unit 1

Scale Report Details

Product	Est. Volume	UOM	Actual Vol.	To-Date	New Vol.	Scaled
Sawtimber - 202: Douglas Fir	1,373.0	Mbf	0.0		90.00	

Save Cancel

This screen shows an example of a completed TSIS scale report. We will be discussing this report in more detail in the training examples.

Also the functionality of the Scale Report in TSIS has recently changed in the TSIS-CBS Interface. We will also discuss this change in functionality in the upcoming training examples.

## Recap

- Coordination between Field Forester and respective District/State Lead essential early in scale contract development and preparation process
- Certification of Activity Reports critical step in scale contract administration
- Unknown if a contract will UnderRun or OverRun
- Hold-back some acres in activity report certification to facilitate future negative modifications

To recap what we just discussed in Section A:

Coordination between Field Forester and respective District/State Lead is essential early in scale contract preparation process. They should use the questions outlined in this session as a starting point in this coordination.

Certification of activity reports is a very critical step in scale contract administration. If not managed correctly, this could result in overbilling of purchasers. The correction of an overbilling is not an easy or desirable process.

The Contract Administrator probably won't know for certain if a scale contract will UnderRun or OverRun early in the process.

One step in preventing an overbilling is a concept called a "Hold-back". Using a hold-back can make contract modifications to reduce volumes and values much easier.

## End of Section A



**Thank You!**

This completes the first part of the Interface training related to Scale Contracts. Next in Part V - Sections B and C we will walk through some examples in TSIS on how to address Scale Contracts.

*Thanks for listening!*